



McPHERSON'S
Est. 1860

McPherson's Limited Audit Committee Charter

June 2024

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Audit Committee Charter

1. PRIMARY PURPOSE

- (a) The Audit Committee (**Committee**) is established by the Board of Directors (**Board**) of McPherson's Limited (**Company**) to oversee, review, evaluate and make recommendations to the Board in relation to:
 - (i) the Company's internal control framework;
 - (ii) the Company's financial and non-financial reporting; and
 - (iii) the internal and external audit functions.
- (b) This charter (**Charter**) outlines the scope of the Committee's role and responsibilities in relation to the Company and provides a framework within which the Committee will operate.
- (c) The Charter should be read in conjunction with the charters of the Risk & Compliance Committee and the People & Culture Committee.

2. AUTHORITY AND MEMBERSHIP

2.1 Authority

The Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management to the implementation of these recommendations, other than where the Board has delegated authority to the Committee. The Board retains overall responsibility for oversight of the Company's internal control framework, financial and non-financial reporting and both internal and external audit functions.

2.2 Membership

- (a) The Committee will consist of a minimum of three members and shall comprise a majority of independent non-executive directors and an independent chair who is not the chair of the Board.
- (b) Committee members must between them have an appropriate working familiarity with general financial reporting and accounting practices and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively. At least one member of the Audit Committee must have accounting or related financial management expertise.
- (c) The Board will appoint the Committee Chair who must be an independent non-executive director.
- (d) Any non-executive director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote.
- (e) In the event that a member of the Committee retires from the Board for any reason then that member shall cease to be a member of the Committee.

3. MEETINGS

3.1 Quorum

The quorum for any Committee meeting shall be two members.

3.2 Number and frequency of meetings

- (a) The Committee shall meet as frequently as required or as determined by the Committee Chair but generally not less than four times per year with two of the meetings coinciding with the consideration of the half year and full year

financial statements. All meetings should have an agenda and briefing papers circulated in a timely manner prior to the meeting.

- (b) Additional meetings may be called in response to requests by any member of the Committee or specific events.
- (c) Committee members and other directors will be provided access to Committee meeting papers in relation to any meeting of the Committee.

3.3 Attendance at meetings

- (a) Committee members are expected to attend every meeting of the Committee unless an apology is given to the Committee Chair and/or the Company Secretary, as appropriate.
- (b) Attendance at Committee meetings may be in person or by way of telephone or other electronic means or any combination of these.
- (c) The Chief Executive Officer & Managing Director, the Chief Financial Officer and the General Counsel & Company Secretary will be invited to attend meetings of the Committee, as appropriate and as requested by the Committee.
- (d) The Committee may invite any member of management, adviser, consultant or other individual to attend meetings.
- (e) The external auditor will be asked to be present at meetings convened to review half year and full year financial statements and the procedures leading to their preparation, and at other times at the discretion of the Committee.
- (f) The internal auditor may be asked to present at all meetings of the Committee subject to the discretion of the Committee.
- (g) The Company Secretary shall be the Committee Secretary, subject to the discretion of the Committee. The Committee Secretary will attend all meetings to minute proceedings, subject to the discretion of the Committee. The Committee Chair may direct the Company Secretary or some other individual to prepare a meeting agenda for the Committee Chair's approval prior to distribution.

3.4 Minutes of meetings

Minutes shall be taken at Committee meetings by the Company Secretary or by any other individual present at the meeting. Within a reasonable time after a meeting a draft of the minutes must be prepared and presented to the Committee Chair for approval prior to distribution. The approved draft minutes will then be circulated to the other members of the Committee and to the Board at an appropriate time. Minutes will usually be confirmed at the next scheduled meeting of the Committee.

3.5 Access to independent advice, company information, management and the auditors

- (a) The Committee may consult with advisers and seek independent advice at the expense of the Company where the Committee considers it necessary to carry out its duties and responsibilities.
- (b) The Committee will have unlimited rights to access Company records and information, and to management and all other staff.
- (c) The Committee will have unlimited rights to access the external auditor and the internal auditor and is able to consult with them in relation to all audit committee and governance matters, as required.

4. REPORTING TO THE BOARD

- (a) The Committee will report to the Board on all matters relating to the Committee's role and responsibilities as outlined in this Charter.

- (b) Reports to the Board should include:
- (i) the Committee minutes or a summary of major matters considered;
 - (ii) any formal recommendations of the Committee requiring Board approval;
 - (iii) general information about the audit process including the results of internal and external audits;
 - (iv) any determination by the Committee in relation to external auditor independence;
 - (v) an assessment of whether external reporting is consistent with Committee members' information and knowledge and its adequacy for shareholder needs;
 - (vi) assessment of the management processes supporting external reporting;
 - (vii) procedures for the selection and appointment of the external auditor and the rotation of external audit engagement partners;
 - (viii) recommendations for the appointment or removal of an auditor;
 - (ix) assessment of the performance and independence of the external auditors and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (x) assessment of the performance and objectivity of the internal audit function; the results of its review of internal compliance and control systems;
 - (xi) written statements from the Chief Executive Officer & Managing Director and the Chief Financial Officer in relation to the proper maintenance of the Company's financial records, compliance with accounting standards or any other statement recommended by the ASX Corporate Governance Council in its Corporate Governance Principles and Recommendations; and
 - (xii) details of the annual performance review of the Committee and its outcome undertaken in accordance with this Charter.

5. ROLE AND RESPONSIBILITIES

5.1 Internal Control

- (a) The Committee has a responsibility in the first instance to assess the adequacy of the Company's internal control systems.
- (b) The Committee will review and evaluate the effectiveness of the entity's internal control system including:
 - (i) compliance with the Company's documented standards and policies and procedures, including the internal control framework;
 - (ii) consideration of important judgments and accounting estimates reflected in the financial statements;
 - (iii) ensure that where any deficiencies or breakdowns in internal control or procedures are identified, management takes prompt remedial action;
 - (iv) review the internal and external audit reports and post-audit management letters for any noted deficiencies or breaches in internal control requirements together with the adequacy of remedial actions proposed or implemented by management;

- (v) assess whether management has adequate controls in place for unusual types of transactions that may carry more than an acceptable degree of risk;
 - (vi) consider the Company's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations; and
 - (vii) review disclosures relating to the matters in this Charter included in the Company's annual Corporate Governance Statement.
- (c) The Committee will meet periodically with management to understand and discuss the entity's control environment.
 - (d) The Committee will request views from both the internal and external auditors, as appropriate, to form a comprehensive view on the adequacy and effectiveness of the internal control system.

6. FINANCIAL REPORTING

The Committee has a responsibility to ensure the Company's financial statements reflect the understanding of the Committee members and otherwise provide a true and fair view of the financial position and financial performance of the Company.

6.1 Accounting Policies

- (a) Management will provide information to the Committee to allow the Committee to:
 - (i) consider the appropriateness of the Company's accounting policies and principles and how those principles are applied; and
 - (ii) ensure that accounting policies and principles are consistent with relevant Accounting Standards.
- (b) The Committee will request:
 - (i) views from both the internal and external auditors to form a view on the Company's accounting policies and principles; and
 - (ii) an independent judgment in relation to the appropriateness of the accounting principles from the external auditor.

6.2 Significant estimates, judgements and unusual transactions

- (a) Management will provide any necessary information to the Committee to allow the Committee to:
 - (i) assess the significance and appropriateness of estimates, judgments and choices exercised by management in preparing the financial reports and statements, by evaluating the process and data management use in making material estimates and judgements;
 - (ii) to ensure that the Committee is made aware of any significant or unusual transactions, including provisioning and abnormal charges and credits; and
 - (iii) assess the appropriateness of accounting for and reporting of investments and joint ventures entered into by the Company.
- (b) The Committee will enquire of both the internal and external auditors to form a view of the basis of management conclusions and the reasonableness of their estimates.

6.3 Quality of financial reporting

The external and internal auditors will provide information to the Committee to allow the Committee to assess information that affects the quality of financial reports including:

- (a) actual and potential material audit adjustments;
- (b) financial report disclosures;
- (c) non-compliance with law; and
- (d) internal control issues.

6.4 Disclosure processes for financial reporting

Management will provide any necessary information to allow the Committee to review and assess management processes for ensuring compliance with laws, regulations and accounting standards relating to external reporting.

6.5 Recommendations on financial reports

- (a) The Committee will:
 - (i) consider the information provided in conjunction with the above processes;
 - (ii) review the reports and feedback from the audit or audit review provided by the external auditor;
 - (iii) review the information provided by management in relation to accounting issues and the financial statements;
 - (iv) review the questionnaires and written statements from the Chief Executive Officer & Managing Director and the Chief Financial Officer; and
 - (v) make recommendations to the Board in relation to the approval of the financial statements based on the Committee's consideration and assessment.
- (b) The financial statements review processes set out above apply primarily to the Company's annual and half yearly financial statements which are subject to external audit and audit review respectively. However relevant aspects of the Committee's review processes are also to be applied to verify the integrity of any other periodic corporate reporting released to the market which are not subject to an audit or audit review, such as annual directors' reports.

7. EXTERNAL AUDIT

7.1 Appointment and removal of the External Auditors

- (a) The Committee will make recommendations to the Board on the appointment, and where necessary, the removal of the external auditor;
- (b) The audit engagement partner and any other key audit partner are required to rotate off the external audit at least every five years, with a minimum three-year "cooling off" period before being reappointed to the external audit team; and
- (c) In making any recommendation to the Board, the Committee will consider any suggestions by management that the external audit should to be put out to tender.

7.2 External Audit Fees

The Committee will undertake the following in connection with the external auditors' fees:

- (a) review the external audit fee in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee;
- (b) prior to the commencement of each annual audit, agree the terms of the engagement with the auditor;
- (c) review the fees payable to the auditor in relation to any non-audit work; and
- (d) make recommendations to the Board in relation to the appropriateness of the external auditor's fees for audit and non-audit work.

7.3 Review of Audit Plan and Audit Scope

The Committee will:

- (a) invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment; and
- (b) together with the external auditor, review the scope and adequacy of the external audit particularly regarding any identified risks.

7.4 Monitoring management responses

The Committee will monitor management's responses to the recommendations made by the external auditors in their half year and annual post audit management letters.

7.5 Relationship with External Audit

- (a) The Committee will meet with the external auditors from time to time without management present.
- (b) The external auditors have an unrestricted right to discuss any issues they deem necessary with the Committee Chair or if deemed necessary by the external auditors the Chair of the Board.
- (c) The internal audit function will not be undertaken by the external auditors.

7.6 Auditor independence

The Committee will:

- (a) review the external auditor's procedures for independence on an annual basis, together with any relationships or provision of non-audit services which may impair the external auditor's actual or perceived independence; and
- (b) require the external auditors to confirm that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts.

7.7 Assessment of External Audit

The Committee will evaluate the overall effectiveness of the external audit function, including through the assessment of external audit plans and reports, and meetings with the external auditors. The evaluations should occur at least annually including following the completion of the full year audit.

8. INTERNAL AUDIT

8.1 General

The Committee will make recommendations to the Board on the structure of the internal audit function and whether that function should be undertaken internally by management (for instance under the direction of the General Counsel & Company Secretary or the Chief Financial Officer) or outsourced to an appropriate external party (such as a Chartered Accounting firm) (**Outsourced Internal Auditor**).

8.2 Appointment and removal of the Outsourced Internal Auditor

The Committee will make recommendations to the Board on the appointment, and where necessary the removal of the internal auditor.

8.3 Internal Audit function

The Committee will:

- (a) review the internal auditor's engagement terms, and resourcing (including suitable qualifications, skills, experience and funding) and communicate the Committee's expectations to the internal auditor in writing; and
- (b) regularly consider the independence and objectivity of the internal audit function.

8.4 Quality and scope

The Committee will:

- (a) review the quality and scope of the internal audit plan and work program, by taking into account the Company's risk profile, any emerging issues and other internal and external factors that may impact on the operations of the business;
- (b) consider the implications of the findings of internal audit to the control framework; and
- (c) ensure that the scope of the internal auditor's work is coordinated with that of external audit.

8.5 Monitoring Internal Audit recommendations

The Committee will monitor and evaluate management's responses to internal audit's findings and recommendations.

8.6 Assessment of Internal Audit

The Committee will ensure that at least once every three years that there is a process undertaken for monitoring and assessing the effectiveness of the internal audit function.

8.7 Meetings with and Access by Internal Audit

- (a) The Committee will meet with the internal auditor from time to time without management present.
- (b) The internal auditors have an unrestricted right to discuss any issues they deem necessary with both the Chair of the Committee and the Chair of the Board.

9. PERFORMANCE EVALUATION AND CHARTER REVIEW

- (a) The Committee will undertake a self-assessment process annually, which assesses the effectiveness of the Committee.

- (b) The Committee should review this Charter at least annually to ensure that it remains consistent with the Board's objectives and responsibilities.

10. DOCUMENT CONTROL

Version	Description	Date
1	Renewed Document	June 2024